

## Message Text

UNCLASSIFIED

PAGE 01 BANGKO 19376 151117Z

50

ACTION AID-31

INFO OCT-01 EA-09 ISO-00 CEA-01 L-03 COME-00 TRSE-00 EUR-12

/057 W

----- 104924

R 150837Z SEP 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1286

UNCLAS BANGKOK 19376

E.O. 11652: N/A

TAGS: BEXP, TH

SUBJ: THAI RURAL ELECTRIFICATION PROJECTS

REF : A. STATE 204137

B. BANGKOK 18878, 18759, 18757, 18756, 13289, 9059, 0262

C. BANGKOK A-48 OF 2/16/73

1. THE RTG'S PROVINCIAL ELECTRICITY AUTHORITY (PEA) TO FINANCE ITS "REGIONAL ELECTRIFICATION DEVELOPMENT PROJECT" ON SEPTEMBER 1974 SIGNED AN AGREEMENT WITH KREDITANSTALT FUER WIEDERAUFBAU (KFW), THE GERMAN GOVERNMENT FINANCING INSTITUTION, (THERE ARE NO COMMERCIAL BANKS INVOLVED) TO LEND THE RTG TWENTY MILLION DEUTSCHE MARKS AT TWO PER CENT FOR TWENTY YEARS WITH A TEN YEAR GRACE PERIOD, TO BE REPAYED IN SEMI-ANNUAL INSTALLMENTS OF 500,000 DM. A SECOND LOAN TO FINANCE "RURAL DISTRIBUTION LINES" IS PRESENTLY BEING NEGOTIATED AND PEA EXPECTS IT SO BE SIGNED BEFORE THE END OF 1975. PEA HOPES THAT THE TERMS OF THIS LOAN WILL CONFORM TO THOSE OF THE FIRST, ALTHOUGH IT HAS NO GUARANTEE FROM KFW. PEA HOPES TO ISSUE THE TENDERS ON THIS PROJECT BY MID-1976.

2. THE GERMAN LOANS ARE COMPLETELY UNTIED, ACCORDING TO PEA'S FINANCE DEPARTMENT. WHILE A GERMAN FIRM DID BOTH FEASIBILITY STUDIES, ALL SPECIFICATIONS WERE WRITTEN TO PERMIT INTERNATIONAL BIDDING. PEA ASSURED THE EMBASSY THAT THESE LOANS REALLY ARE UNTIED. BUT SINCE MOST OF THE EQUIPMENT SOUGHT IS MANUFACTURED OR ASSEMBLED LOCALLY,  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BANGKO 19376 151117Z

FOREIGN BIDDERS FACE DIFFICULT COMPETITION.

3. THE MOST RECENT JAPANESE LOAN WAS SIGNED BETWEEN PEA AND THE OVERSEAS ECONOMIC COOPERATION FUND (OECF) ON DECEMBER 20, 1974 FOR 4,002 BILLION YEN TO FINANCE PEA'S "POWER DISTRIBUTION SYSTEM REINFORCEMENT PROJECT." THE TERMS ARE 3.75 PERCENT FOR SEVENTEEN YEARS (1982-1999) WITH A SEVEN YEAR GRACE PERIOD. AGAIN NO COMMERCIAL BANKS WERE INVOLVED.

4. THE PEA OFFICIAL IN THE FINANCE DEPARTMENT WITH WHOM EMBOFF TALKED ADMITTED THAT, WHILE THE JAPANESE LOANS STATE THEY ARE "UNTIED WITH CONDITIONS", THEY IN FACT ARE TIED. HE SAID THEIR CONDITIONS VIRTUALLY MAKE IT IMPOSSIBLE FOR NON-JAPANESE FIRMS TO WIN ANY OF THE TENDERS. NEVERTHELESS, EMBASSY KNOWS OF AT LEAST SEVERAL THAI FIRMS WHICH ARE BIDDING TO SUPPLY U.S. EQUIPMENT.

5. SINCE NONE OF THE JAPANESE FINANCIAL TENDERS HAS BEEN OPENED TO DATE, EMBASSY DOES NOT KNOW WHETHER OR NOT TO RECOMMEND FUTURE U.S. PARTICIPATION. EMBASSY WILL INFORM DOC OF RESULTS OF TENDER AWARDS. IT IS PROBABLY GOOD ADVICE TO PASS ON TO INTERESTED U.S. FIRMS THAT THEY SHOULD AT LEAST HAVE A GOOD LOCAL AGENT WHICH CAN SATISFY THE BIDDING AND REPAYMENT CONDITIONS FROM THIS END.

6. EMBASSY IS SENDING DOC BY AIR POUCH TWO COPIES OF PEA'S ELECTRIFICATION PROJECTS IN THE FOURTH ECONOMIC AND SOCIAL DEVELOPMENT PLAN (1977-1981).  
MASTERS

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BANGKO19376  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750318-1130  
**From:** BANGKOK  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750951/aaaabsno.tel  
**Line Count:** 90  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION AID  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 204137  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** RowellE0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 JUN 2003 by MaustMC>; APPROVED <03 FEB 2004 by RowellE0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** THAI RURAL ELECTRIFICATION PROJECTS  
**TAGS:** BEXP, TH  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006